

WORKING CAPITAL FUND BOARD
Minutes of the Meeting
March 8, 2006

I. Introductions

The Board Chair, Howard Borgstrom called the meeting to order. Howard introduced Tom Pyke, the DOE CIO, to the Board.

II. Approval of Minutes of the November 17, 2005 meeting.

The Board adopted the minutes of the November 17 meeting without comment.

III. First Quarter 2006 Report

Howard presented an overview of the First Quarter FY 2006 Report. The fund operated with net earnings of \$1.4 million or 5.9% of earnings. He reported that the financial condition of the fund is sound and businesses are operating in a manner that will ensure they break even for FY 2006. Collections were affected by the continuing resolution during the first quarter, but are adequate at this time. In keeping with Board policy, most accounts are fully funded for the year. All businesses have sufficient obligation authority and no business is over-obligated. Budget estimates are consistent with past estimates and billings are consistently on-time.

IV. Report from IT Technical Advisory Committee

Harry Hixon presented to the Board, activities undertaken by the Technical Advisory Committee (TAC), since the previous updates to the Board. He described two options including Lease to Purchase and Lease with Option to Own. He is working with procurement and legal to determine the best option for DOE. He described a path forward ultimately ending in an acquisition. It is doubtful that all of the items can be completed in the next month, in time for the FY 2008 WCF budget process.

The options are further complicated by the impact of hard targets in the outyears of program budgets. It was suggested that other options be developed for justifying a budget for this capital acquisition.

V. Report from External Independent Review Working Group

Barry Gaffney from the Office of Environmental Management presented the recommendation of the working group for performing budget estimating, billing, and financing of External Independent Reviews beginning FY 2007. The working group recommended that the estimates be a joint effort between the project

management personnel and their counterparts in the Office of Engineering and Construction Management (OECM). Programs will then identify funding targets in their respective budgets. Programs will fund the full cost of EIRs at the beginning of the fiscal year, in conformance with current WCF policies and procedures.

The Fund manager will bill customers in the month funds are obligated to contractors for that specific project. A credit will be applied for any outstanding balances at the conclusion of the project.

Because of the need for funding specificity for this budget item, the Board requested further description of the financial transactions surrounding this business. The Fund manager will undertake to provide Board members with a more detailed discussion prior to the April 2006 meeting of the Board.

VI. SEET Internal Control Review

Brian Boos addressed the Board on the Transit Subsidy (SEET) program. In FY 2005 1,900 Headquarters employees participated in SEET at the cost of \$1.7 million. Brian is leading a group that is researching the current state of DOE internal controls and any observable problems with the program as it is currently operated. The primary finding is that there are no formal policies. This has resulted in inconsistent practices in the programs and potential abuse. The group will complete its analysis in March and forward its report to the Fund manager for distribution to the Board.

VII. Formation of New Working Groups

- a. **Corporate Training** – Jody Hudson addressed the Board concerning the need to revise the training pricing policy to charge customers an amount that would allow the training business to break even. The current pricing policy was a proof of concept, based on \$100/day/person and it has never succeeded in generating enough earnings to pay for the training offered. Jody requested a working group to evaluate the appropriate charge rate for the business.
- b. **I-MANAGE** – Warren Huffer addressed the Board concerning issues facing the I-MANAGE business and the adequacy of its current budget estimates. He requested a working group to evaluate the funding requirements of this business.
- c. **Desktop/Financial Reporting Controls** – Howard Borgstrom also requested working groups to address pricing policies for the Desktop and Financial Reporting Controls businesses.

VIII. April Meeting

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The various working groups should be prepared to provide budget guidance to the Board at the April meeting in order for the Fund to prepare estimates in time for the FY 2008 budget process.

IX. The Board voted to adjourn.

Representing the Board

Chair Howard Borgstrom
SSA Lesley Gasperow
EM Barry Gaffney
NE Susan Harlow
SC Vicki Barden
EI Steve Durbin
EE Tom Heavey

PI Jon Mathis
EH Katherine McCulloch
CIO Tom Pyke
HR Jody Hudson
MA Laurie Morman
NA Dorsey Hibbits
FE Maria Jones

Attendees:

John Bullock – IM
Don Reed - IM
Patrick Holman – NE
Penny Gardner – IM
Dan Smith – IM
Laura Lewis – IM
Warren Huffer – CF
Teresa Tyner – NA
Mike Donnelly - MA
Rose Jordan - MA
Barbara McNeal - CF
Bob Emond - CF
Ronald Mayo - CF

Jeff Rubenstein - MA
Louis D'Angelo – MA
John Harrison – MA
Mike Hickman – NA
Tony Nellums – MA
Mary Anderson – MA
Brian Boos – CF
Rita Franklin - HR
Steven Rossi - MA
Willie Mae Ingram - MA
Jerry Odegard - CF
Michel Fraser - CF